



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

August 23, 2006

The Honorable Tom Horne  
Superintendent of Public Instruction  
Arizona Department of Education  
Executive Officer  
Arizona State Board of Education  
1535 West Jefferson Street  
Phoenix, AZ 85007

**Subject: Red Mesa Unified School District No. 27**

Dear Mr. Horne:

We issued a compliance review report on March 22, 2006, informing Red Mesa Unified School District No. 27 that it had not complied with the *Uniform System of Financial Records* (USFR) because of significant deficiencies in the District's internal controls noted in its audit reports and USFR Compliance Questionnaire for the year ended June 30, 2003, the most recent reports submitted. We also noted that the District had still not submitted its audit reports and USFR Compliance Questionnaire for the year ended June 30, 2004, which were due by March 31, 2005, and that, consequently, the District was in noncompliance in regard to report submission.

We subsequently notified you on May 22, 2006, that we had not received the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2005, which were due by March 31, 2006.

Based on the circumstances described above, the District is not in substantial compliance with the USFR. Until the District has submitted to us its audit reports and USFR Compliance Questionnaires for fiscal years ending June 30, 2004, and June 30, 2005, we are postponing additional review work on this district.

If you have questions concerning this matter, please call Magdalene Haggerty, Accounting Services Director, or me at (602) 553-0333.

Sincerely,

Debra K. Davenport  
Auditor General

DKD/MH/js

cc: Governing Board  
Mr. Donald Lawrence, Interim Superintendent  
Red Mesa Unified School District No. 27  
The Honorable Pauline M. Begay, Apache County School Superintendent  
Mr. Vince Yanez, Executive Director  
Arizona State Board of Education  
Ms. Vicki G. Salazar, Associate Superintendent of Financial Services  
Arizona Department of Education